

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

HONG CHANG,

Plaintiff,

v.

LITTLE MONSTER LLC dba DL BBQ,
ZHAOWEI DING, WA FAN TUAN INC.,
CHOWBUS, INC., and HUNGRYPANDA
US INC.,

Defendants.

Case No. 2:22-cv-00847-RSM

ORDER GRANTING MOTION FOR
SUMMARY JUDGMENT

I. INTRODUCTION

This matter comes before the Court on Defendant WA Fan Tuan, Inc. (“Fan Tuan”)’s Motion for Summary Judgment. Dkt. #37. Fan Tuan argues that Plaintiff Hong Chang cannot pursue his Lanham Act claim because he has failed to present evidence demonstrating that Fan Tuan infringed Mr. Chang’s trademark directly, vicariously, or that it otherwise contributed to the alleged infringement. *Id.* The Court has determined that it can rule without the need for oral argument. For the reasons set forth below, the Court grants Fan Tuan’s Motion.

II. BACKGROUND

This case was filed on January 29, 2021, Dkt. #1-1, and was removed to this court on June 16, 2022, Dkt. #3.

1 In October 2017, Mr. Chang and his wife opened a restaurant in Kirkland, Washington
2 called “A Bite of Sichuan” when spoken in English. Dkt. #1-2. Mr. Chang’s Chinese speaking
3 customers know the restaurant by its Chinese name, 小辣椒, which translates to “Little Pepper.”
4 *Id.* Mr. Chang registered the trademarks “Little Pepper” and “Little Pepper Kitchen” along with
5 the corresponding Chinese characters with the Washington Secretary of State on October 21,
6 2020. Dkt. #1-1, 1-2.

8 Defendant Fan Tuan is an online food sale and delivery company. Dkt. #1-2. Fan Tuan
9 provides a platform for restaurants to sell their food through a mobile application. *Id.* Fan Tuan
10 connects users with restaurants and provides marketing for those restaurants. *Id.*; Dkt. #37 at 3.

12 Mr. Chang joined Fan Tuan’s online platform with his restaurant, A Bite of Sichuan, LLC,
13 in 2020. *Id.* To establish this relationship, both parties allegedly signed a contract. *Id.* That same
14 year, a separate restaurant with an identical Chinese name, “小辣椒” (“Little Pepper”), appeared
15 on Fan Tuan’s mobile application. Dkt. #7-1. Mr. Chang alleges that not only did the restaurant
16 have the same name, but it also sold the same food as his restaurant. *Id.*

18 Customers who used Fan Tuan’s mobile application expressed confusion about the two
19 restaurants, such as where discounts were being offered and who fulfilled which food delivery
20 service on the mobile app. *Id.* Mr. Chang met with Mr. Ding, the owner of the other Little Pepper,
21 to inform him that he owned the trademark, and requested that he stop using the trademark. Dkt.
22 #1-1. Mr. Ding refused. *Id.* It was not until August 2021 that the infringement ended. Dkt. #1-2.
24 Mr. Chang claims that this confusion harmed his business sales and contributed to the ultimate
25 downfall of his business. *Id.*

26 Fan Tuan now seeks summary judgment on all counts of the amended complaint and Mr.
27 Chang opposes. Dkt. #37, 39.

III. DISCUSSION

A. Legal Standard for Summary Judgment

Summary judgment is appropriate where “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247 (1986). Material facts are those which might affect the outcome of the suit under governing law. *Anderson*, 477 U.S. at 248. In ruling on summary judgment, a court does not weigh evidence to determine the truth of the matter, but “only determine[s] whether there is a genuine issue for trial.” *Crane v. Conoco, Inc.*, 41 F.3d 547, 549 (9th Cir. 1994) (citing *Federal Deposit Ins. Corp. v. O’Melveny & Meyers*, 969 F.2d 744, 747 (9th Cir. 1992)).

On a motion for summary judgment, the court views the evidence and draws inferences in the light most favorable to the non-moving party. *Anderson*, 477 U.S. at 255; *Sullivan v. U.S. Dep’t of the Navy*, 365 F.3d 827, 832 (9th Cir. 2004). The Court must draw all reasonable inferences in favor of the non-moving party. *See O’Melveny & Meyers*, 969 F.2d at 747, *rev’d on other grounds*, 512 U.S. 79 (1994). However, the nonmoving party must make a “sufficient showing on an essential element of her case with respect to which she has the burden of proof” to survive summary judgment. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986).

B. Standing

Fan Tuan first moves for summary judgment based on lack of standing. Dkt. #40. Fan Tuan argues that Mr. Chang lacks standing to assert claims for infringement of the “Little Pepper” mark because even though the mark is registered to Mr. Chang, Mr. Chang did not use the mark himself. Rather, a separate entity, A Bite of Sichuan, LLC, a restaurant owned and operated by Mr. Chang, used the mark and is the true owner of the mark. For this reason, Fan Tuan argues

1 that A Bite of Sichuan, LLC is the proper party to bring suit. The Court disagrees with this line
2 of thinking.

3 It is well established that a trademark owner has standing to assert a claim for trademark
4 infringement. *See* 15 U.S.C. § 1114. “To acquire ownership of a trademark it is not enough to
5 have invented the mark first or even to have registered it first; the party claiming ownership must
6 have been the first to actually use the mark in the sale of goods or services. [...] Therefore, a party
7 pursuing a trademark claim must meet a threshold ‘use in commerce’ requirement.” *Rearden LLC*
8 *v. Rearden Commerce, Inc.*, 683, F.3d 1190, 1203 (9th Cir. 2012). “A mark shall be deemed to
9 be in use in commerce [...] when it is used or displayed in the sale or advertising of services and
10 the services are rendered in commerce.” 15 U.S.C. § 1127. Further, “[w]here a registered
11 mark...is used legitimately by related companies, such use shall inure to the benefit of the
12 registrant or applicant for registration.” 15 U.S.C. § 1055. 15 U.S.C. § 1127 defines “related
13 company” as “any person whose use of a mark is controlled by the owner of the mark with respect
14 to the nature and quality of the goods or services on or in connection with which the mark is
15 used.” Failure to control the nature and quality of the goods or services under the mark, can lead
16 to invalidation of the trademark registration. *Wallack v. Idexx Laboratories, Inc.*, 2015 WL
17 5943844, at *8 (S.D.Cal. Oct. 13, 2015). A trademark owner can grant an implied license to a
18 related company, so long as there is a showing of substantial relationship between the parties. *Id.*
19 at 10. “The statute does not require a formal corporate control but only control over the ‘use of a
20 mark.’” *Id.*

25 Here, Mr. Chang not only has formal corporate control over A Bite of Sichuan, LLC, as
26 one of two owners of the restaurant, *see* Dkt. #1-2, but he also has control over the use of the
27 mark. Mr. Chang oversaw the restaurant’s operations and oversaw the quality of the food and
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1 services that the restaurant was placing into commerce. Given the above law, Fan Tuan has failed
2 to show that Mr. Chang is not a proper party for this suit.

3 **C. Contributory Trademark Infringement**

4 “To state a claim for contributory trademark infringement under the Lanham Act against
5 a service provider, a plaintiff must sufficiently plead that defendant: (1) continued to supply its
6 services to one who it knew or had reason to know was engaging in trademark infringement, and
7 (2) had direct control and monitoring of the instrumentality used by a third party to infringe.”
8 *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.* 658 F.3d 936, 942 (9th Cir. 2011).
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10 Fan Tuan asserts that it did not know or had no reason to know that Mr. Ding’s Little
11 Pepper was engaging in trademark infringement, and thus cannot be held liable for contributory
12 trademark infringement. Where a court has found that an individual or entity knew or had reason
13 to know of the infringement, the court found that either the entity suspected wrongdoing and
14 deliberately failed to investigate, or the entity had received notice about the infringement but
15 failed to take steps to remedy the situation. *See Spy Optic, Inc. v. Alibaba.Com, Inc.*, 163
16 F.Supp.3d 755 (C.D. Cal. Sep. 28, 2015); *See Hard Rock Café Licensing Corp. v. Concession*
17 *Serv., Inc.*, 955 F.2d 1143, 114 (7th Cir. 1992). In *Spy Optic, Inc.*, the court held that allowing a
18 company to continue to use Alibaba’s e-commerce platform even after Alibaba received notice
19 that the company was infringing on Spy Optic’s marks, was sufficient to establish that Alibaba
20 knew or had reason to know of the infringement. Here, though Mr. Chang may have informed
21 Mr. Ding of the trademark infringement, Mr. Chang has failed to present evidence that Fan Tuan
22 knew or had reason to know that such infringement was happening. Mr. Chang pled that Fan Tuan
23 dealt with each restaurant directly through contracts or otherwise. Evidence of these interactions
24 could help establish that Fan Tuan was aware or had a duty to be aware of acts of infringement.
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1 However, nothing in the record supports the contention that these interactions with the restaurants
2 occurred or that Fan Tuan had some contemporary knowledge of which restaurant was infringing.
3 Because Mr. Chang has failed to make a sufficient showing on an essential element of his case
4 with respect to which he has the burden of proof, summary judgment is clearly warranted. *See*
5 *Celotex, supra*.

7 **IV. CONCLUSION**

8 Having reviewed the relevant briefing and the remainder of the record, the Court hereby
9 finds and ORDERS that Fan Tuan's Motion for Summary Judgment, Dkt. #37, is GRANTED.
10 All of Plaintiff's claims are DISMISSED. This case is CLOSED.

11 DATED this 14th day of July, 2023.

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14 RICARDO S. MARTINEZ
15 UNITED STATES DISTRICT JUDGE
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